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California Independent System Operator
Board of Governors
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SUBJECT: Market enhancements for Summer 2021 readiness – load, export and wheeling priorities

Vistra Corp. (“Vistra”) appreciates the opportunity to submit comments to the Board of Governors (“Board”) on the market enhancements for Summer 2021 readiness – load, export and wheeling priorities – on which CAISO management is asking for a Board decision at the April 21, 2021 meeting.

We expect this proposal will face an uphill battle at the Federal Energy Regulatory Commission (“Commission”) where the CAISO will need to support it based on a flawed assumption that there is a certain amount of the transmission system to which native load has a right based on reliability needs. Open access rules approved by the Commission conflict with this assumption. Open access rules dictate that native load must share access to the transmission system with other firm rights. Firm rights cannot be withheld in case native load might need them. It is true that native load with the equivalent of a designated network resource may request to secure firm rights. That request does not guarantee their receipt of those rights if all firm rights were previously secured by another party. For non-native load purposes (i.e. wheel-throughs or exports), the commodity contract backing the transaction is not an appropriate way to prioritize transmission reservation or transmission curtailment priorities. We are concerned the proposal is based on this fundamental misunderstanding of open access rules.

Vistra is convinced that ensuring that FERC Order 888 open access rules are maintained when differentiating the complex priorities for wheel-throughs, imports, and exports simply cannot be done through an ad hoc, negotiated process. A short-term solution should not be pursued that could result in discriminatory access to the transmission system. Further, any solution should not be contemplated in relationship to the equivalent Resource Adequacy (“RA”) contracting since for non-native load purposes this is inappropriate criteria for prioritization. Rather, open access should be prioritized based on varying levels of investment to procure the optionality to use the transmission system. We recognize this functionality needs to be developed and have been requesting that the CAISO focus on doing so to address these issues. The appropriate and efficient way to prioritize access to the transmission system is based on forward procurement of a higher priority transmission service with which the intertie transactions are associated. Based on our experience in markets with these systems, selling of transmission reservations allows for non-discriminatory prioritization of the transfer capability to those transactions that have paid to reserve the higher priority service.

Respectfully, open access is foundational to well-functioning, competitive markets. Short cuts to ensuring open access will harm overall market health both in the CAISO and the wider WECC. If the Commission determines that the CAISO’s proposal violates its open access requirements, it will reject CAISO’s filing, putting at risk any solution for Summer 2021. We support the CAISO fast-tracking a stand-alone stakeholder process to develop a robust, non-discriminatory, and just and reasonable approach for ensuring open access rules are maintained in the CAISO markets.

Vistra requests the Board of Governors deny the CAISO Management’s proposal and direct pursuit of a robust solution to implement as soon as possible. Since the Commission will likely struggle to approve this filing, delay developing the forward transmission reservation system undermines efforts to shore up near-term reliability.

Sincerely,
Cathleen Colbert
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